

BOND INFORMATION STATEMENT
State of South Dakota
SDCL 6-8B-19

Return:

Secretary of State FILING FEE: \$1.00
State Capitol
500 E. Capitol
Pierre, SD 57501-5077 TELEPHONE: (605) 773-3537

Every public body, authority, or agency issuing any general obligation, revenue, improvements, industrial revenue, special assessment, or other bonds of any type shall file with the Secretary of State a bond information statement concerning each issue of bonds.

1. Name of issuer: Lincoln County, South Dakota
2. Designation of issue: \$2,500,000 Lincoln County, South Dakota Revenue Note of 2004 (Sioux Falls Christian Schools Association Project)
3. Date of issue: January 29, 2004
4. Purpose of issue: (i) finance the acquisition, construction and equipping of a pre-kindergarten through 12th grade school and (ii) pay certain costs associated with issuing the Note
5. Type of bond: Revenue Bond
6. Principal amount and denomination of bond:
\$2,500,000
7. Paying dates of principal and interest:
See attached Note
8. Amortization schedule:
See attached Note
9. Interest rate or rates, including total aggregate interest cost:

Variable

RECEIVED

2020-03-2004

S.D. SEC. OF STATE

This is to certify that the above information pertaining to Lincoln County, South Dakota
is true and correct on this 29th day of January, 2004.

LINDQUIST & VENNUM P.L.L.P.,
as Bond Counsel

By: Elizabeth G. Aby

For further information regarding the enclosed filing, contact Elizabeth G. Aby, Lindquist & Vennum P.L.L.P. 4200 IDS Center, Minneapolis, Minnesota (612/371-3535).

**\$2,500,000
LINCOLN COUNTY, SOUTH DAKOTA
REVENUE NOTE OF 2004
(SIOUX FALLS CHRISTIAN SCHOOLS ASSOCIATION PROJECT)**

ISSUED BY

LINCOLN COUNTY, SOUTH DAKOTA

TO

THE FIRST NATIONAL BANK IN SIOUX FALLS

Dated as of January 1, 2004

This instrument was drafted by:

**LINDQUIST & VENNUM P.L.L.P.
4200 IDS Center
80 South Eighth Street
Minneapolis, Minnesota 55402**

**\$2,500,000
LINCOLN COUNTY, SOUTH DAKOTA**

**Revenue Note of 2004
(Sioux Falls Christian Schools Association Project)**

1. FOR VALUE RECEIVED, the Lincoln County, South Dakota (the "Issuer") hereby promises to pay to the order of The First National Bank In Sioux Falls, a national banking association with its main banking house located in Sioux Falls, South Dakota (the "Lender"), from the source and in the manner hereinafter provided, the principal sum of **TWO MILLION FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$2,500,000.00)** (the "Loan"), with interest accruing on the unpaid principal balance disbursed pursuant to the Disbursing Agreement, dated as of January 1, 2004, between the Lender, Sioux Falls Christian Schools Association (the "Borrower" or "Company") and Lincoln County Title Company hereof as of the date hereof at the rate specified herein, in any coin or currency which at the time or times of payment is legal tender for the payment of public or private debts in the United States of America.

2. Interest shall accrue as of the date hereof on the unpaid principal balance at the following rates:

From January 29, 2004 through December 31, 2013 interest accruing on the Loan at 4.87% per annum shall be paid on January 1, April 1, July 1 and October 1 beginning April 1, 2004 and ending January 1, 2014. From January 1, 2014 through December 31, 2023 interest accruing on the Loan at 67% of the sum (rounded up to the nearest 1/100th of one percent) of (a) the December 2013 10-year average fixed advance rate as set by the Federal Home Bank of Des Moines, Iowa, plus (b) 225 basis points, shall be paid on January 1, April 1, July 1 and October 1 beginning on April 1, 2014 and ending on January 1, 2024, provided, however, that the interest rate shall not be less than 4.25% per annum. From January 1, 2024 through maturity interest accruing on the Loan at 67% of the sum (rounded up to the nearest 1/100th of one percent) of (a) the December 2023 three-year average fixed advance rate as set by the Federal Home Bank of Des Moines, Iowa, plus (b) 225 basis points, shall be paid on January 1, April 1, July 1 and October 1 beginning on April 1, 2024 and ending on January 1, 2027 at which time all principal and interest will be due.

Beginning with the April 1, 2007 payment and continuing through January 1, 2027, principal shall be amortized and paid on January 1, April 1, July 1 and October 1 (the "Payment Date") in consecutive quarterly installments. The amount of each principal payment shall be based upon a quarterly amortization using 80 quarterly payments which will result in level debt service of principal and interest payments. On January 1, 2014 and January 1, 2024 the amount of the quarterly installment shall be recalculated to reflect the new interest rate and the remaining term of this Note. Unless sooner paid, the final installment of principal and interest shall be payable on January 1, 2027 (the "Final Maturity Date").

3. All payments made by the Issuer hereunder shall, at the option of the Lender, first be applied to accrued interest and the remainder thereof to the principal balance hereof.

4. If the interest on this Note should become subject to federal income taxation pursuant to a Determination of Taxability, then the per annum rate of interest hereunder shall be automatically increased effective as of the Date of Taxability to the full taxable equivalent of the rate of interest which would otherwise be in effect on this Note if no Determination of Taxability had occurred. In such event, each quarterly installment thereafter payable hereunder shall be accordingly adjusted and shall be equal to the amount necessary to amortize the then outstanding principal balance hereof plus accrued interest at said adjusted rate of interest by the Final Maturity Date, which payments shall be due and payable monthly on the first (1st) day of each calendar month until this Note is paid in full. In such event, the Lender shall also be entitled to receive and the Issuer shall pay, on demand, an amount equal to the aggregate difference between (i) the quarterly payments theretofore made to the Lender on this Note between the date of receipt of such Determination of Taxability by the Lender and the Date of Taxability, and (ii) the quarterly payments which would have been made during such period if said adjusted rate of interest had been in effect throughout such period. If any party contests or appeals a Determination of Taxability and subsequently prevails on such contest or appeal, the foregoing charge plus any interest paid by the Issuer in excess of the "tax-exempt" rate of interest shall be refunded, without interest, by the Lender to the Issuer, and the principal balance hereof plus accrued interest herein shall thereafter be paid in accordance with the original payment schedule set forth above. In addition, if the Lender receives a Determination of Taxability and the Determination of Taxability is not subject to further appeal or contest, the Lender shall be entitled to receive an amount (in addition to the additional interest payable herein) equal to the amount of penalties, interest and other amounts (other than income taxes) payable by the Lender to any governmental authority as a result of the interest on this Note being or becoming subject to federal income taxation. This provision shall survive the payment of this Note.

5. Principal and interest and any penalty, charge or premium due hereunder shall be payable at the principal office of the Lender, or at such other place as the Lender may designate in writing. In all cases interest shall be calculated on the basis of a year of 360 days and charged for actual days principal is unpaid.

6. This Note is issued by the Issuer to provide funds for a project as described in the Loan Agreement, and this Note is further issued pursuant to and in full compliance with the Constitution and laws of the State of South Dakota, particularly South Dakota Codified Laws Chapter 9-54, and pursuant to the Resolution.

7. Upon the occurrence of any Event of Default (as such term is defined in the Loan Agreement), the holder hereof may, at its option, declare the entire unpaid principal of and accrued interest on this Note, along with any Make-Whole Amount as provided in the Loan Agreement, immediately due and payable without notice, demand or presentment, all of which are hereby waived, and upon such declaration, the same shall become and shall be immediately due and payable, and the holder hereof shall have the right to foreclose or otherwise enforce all liens or security interests securing payment hereof, or any part hereof, and offset against this Note any sum or sums owed by the holder hereof to the Company. Failure of the holder hereof to exercise this option shall not constitute a waiver of the right to exercise the same upon the occurrence of a subsequent Event of Default.

8. This Note is secured by the Assignment of Loan Agreement, the Mortgage and the Assignment of Leases and Rents (said documents hereinafter collectively referred to as the "Security Documents"), and is entitled to all of the security and benefits provided for in such agreements. The disbursement of the proceeds of the loan evidenced by this Note is subject to the terms and conditions of the Disbursing Agreement.

9. The Lender may extend the times of payment of interest and/or principal of or any penalty, charge or premium due on this Note, including the date of the Final Maturity Date, with the consent of the Issuer but without notice to or consent of any other party liable herein and without releasing any such party; provided, however, that in no event may the Final Maturity Date be extended beyond thirty (30) years from the date hereof.

10. This Note may be prepaid on January 1, 2014 and January 1, 2024, in whole or in part, without premium or penalty upon 60 days' written notice to the Lender. All prepayments shall be applied first to accrued interest and then to principal. All prepayments applied to principal shall cause the amount of each subsequent quarterly payment to be adjusted by reamortizing the then unpaid principal balance hereof over the remaining term of this Note as provided in Section 2 hereof.

11. Except as provided in Section 10, there shall be no prepayments of this Note, provided, however, that Lender may consider requests for its consent with respect to prepayment of this Note, without incurring an obligation to do so, and Borrower acknowledges that in the event that such consent is granted, Borrower shall be required to pay Lender, upon prepayment of all or part of the principal amount before final maturity, a prepayment indemnity ("Make-Whole Amount") equal to the greater of zero, or that amount, calculated on any date of prepayment ("Prepayment Date"), which is derived by subtracting: (a) the principal amount of the Note or portion of the Note to be prepaid from (b) the Net Present Value of the Note or portion of the Note to be prepaid on such Prepayment Date; provided, however, that the Make-Whole Amount shall not in any event exceed the maximum prepayment fee permitted by applicable law.

"Net Present Value" shall mean the amount which is derived by summing the present values of each prospective payment of principal and interest which, without such full or partial prepayment, could otherwise have been received by Lender over the shorter of the remaining contractual life of the Note or next repricing date if Lender had instead initially invested the Note proceeds at the Initial Money Market Rate. The individual discount rate used to present value each prospective payment of interest and/or principal shall be the Money Market Rate at Prepayment for the maturity matching that of each specific payment of principal and/or interest.

"Initial Money Market Rate" shall mean the rate per annum, determined solely by Lender, on the first day of the term of this Note or the most recent repricing date or as mutually agreed upon by Borrower and Lender, as the rate at which Lender would be able to borrow funds in Money Markets for the amount of this Note and with an interest payment frequency and principal repayment schedule equal to this Note and for a term as may be arranged and agreed upon by Borrower and Lender, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation.

Borrower acknowledges that Lender is under no obligation to actually purchase and/or match funds for the Initial Money Market Rate of this Note.

"Money Market Rate At Prepayment" shall mean that zero-coupon rate, calculated on the Prepayment Date, and determined solely by Lender, as the rate at which Lender would be able to borrow funds in Money Markets for the prepayment amount matching the maturity of a specific prospective Note payment or repricing date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation. A separate Money Market Rate at Prepayment will be calculated for each prospective interest and/or principal payment date.

"Money Markets" shall mean one or more wholesale funding markets available to and selected by Lender, including negotiable certificates of deposit, commercial paper, eurodollar deposits, Lender notes, federal funds, interest rate swaps or others.

In calculating the amount of such Make-Whole Amount, Lender is hereby authorized by Borrower to make such assumptions regarding the source of funding, redeployment of funds and other related matters, as Lender may deem appropriate. If Borrower fails to pay any Make-Whole Amount when due, the amount of such Make-Whole Amount shall thereafter bear interest until paid at the default rate specified in this Note (computed on the basis of a 360-day year, actual days elapsed). Any prepayment of principal shall be accompanied by a payment of interest accrued to date thereon; and said prepayment shall be applied to the principal installments in the inverse order of their maturities. All prepayments shall be in an amount of at least \$100,000 or, if less, the remaining entire principal balance of this Note. All prepayments applied to principal shall cause the amount of each subsequent quarterly payment to be adjusted by reamortizing the then unpaid principal balance hereof over the remaining term of this Note as provided in Section 2 hereof.

12. All of the agreements, conditions, covenants, provisions and stipulations contained in the Resolution, the Security Documents and the Loan Agreement are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein.

13. The remedies of the Lender, as provided herein, by law and in the Security Documents and the Loan Agreement, are not exclusive and shall be cumulative and concurrent and may be pursued singly, successively or together, at the sole discretion of the Lender, and may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

14. The Lender shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event.

15. This Note has been issued without registration under state or federal securities laws, pursuant to an applicable exemption for such issuance. Accordingly, this Note may not be

assigned or transferred, in whole or in part, nor may a participation interest in this Note be sold pursuant to any participation agreement, except pursuant to and in accordance with applicable registration requirements under such laws or an applicable exemption from such registration requirements.

16. All capitalized terms used herein not otherwise defined herein shall have the respective meaning assigned to such term in the Loan Agreement ("Loan Agreement"), dated as of January 1, 2004, by and between the Issuer and Sioux Falls Christian Schools Association, a South Dakota non-profit corporation ("Company"), including, without limitation, the following terms: Resolution; Mortgage; Assignment of Leases and Rents; Loan; Project; Event of Default; Determination of Taxability; and Date of Taxability.

17. As provided in the Resolution and subject to certain limitations set forth therein, this Note is transferable upon the books of the Issuer at the office of the County Auditor of the Issuer by the Lender in person or by its agent duly authorized in writing, at the Lender's expense, upon surrender hereof together with a written instrument of transfer satisfactory to the County Auditor of the Issuer duly executed by the Lender or its duly authorized agent. Upon such transfer the County Auditor of the Issuer will note the date of registration and the name and address of the new registered holder in the registration blank appearing below. The Issuer may deem and treat the person in whose name this Note is last registered upon the books of the Issuer with such registration noted on this Note, as the absolute owner hereof, whether or not overdue, for the purpose of receiving payment of or on account of the principal balance hereof or interest herein and for all other purposes, and all such payments so made to the Lender or upon its order shall be valid and effectual to satisfy and discharge the liability of the Issuer hereunder to the extent of the sum or sums so paid, and the Issuer shall not be affected by any notice to the contrary.

18. The Issuer hereby waives presentment, demand, protest and notices of protest and dishonor.

19. The Note and the interest hereon and any penalty, charge, or premium, or any amounts payable hereunder, however designated, due hereunder are payable by the Issuer solely from the revenues and proceeds derived from the Loan Agreement, do not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation, are not payable from or a charge upon any funds of the Issuer other than the revenues and proceeds pledged by the Issuer to the payment thereof, and do not give rise to a pecuniary liability of the Issuer nor of any of its officers, agents, or employees, and no holder of this Note shall ever have the right to compel any exercise of the taxing power of the Issuer or the State or any of its political subdivisions to pay this Note or the interest hereon or any penalty, charge, or premium or any amounts payable hereunder, however designated, due hereunder, or to enforce payment thereof against any property of the Issuer, and this Note and the interest hereon and any penalty, charge or premium, or any amounts payable hereunder, however designated, do not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer and the agreement of the Issuer to perform or cause the performance of the covenants and other provisions herein referred to shall be subject at all times to the availability of revenues or other funds furnished for such purpose in accordance with the Loan Agreement, sufficient to pay all costs of such performance or the enforcement thereof. The provisions of this paragraph shall, for purposes of

this Note, be controlling and shall be given full force and effect, anything else to the contrary in this Note notwithstanding.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required to exist, happen and be performed precedent to or in the issuance of this Note do exist, have happened and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed in its name by the manual signatures of the Chair and the County Auditor, has caused the County Auditor to affix the seal of the Issuer hereto, and has caused this Note to be dated as of the 1st day of January, 2004.

LINCOLN COUNTY, SOUTH DAKOTA

Ott Hagen
Chair

Paula Leucht
County Auditor

(SEAL)

Signature page of the Note between Lincoln County, South Dakota and The First National Bank in Sioux Falls, dated as of January 1, 2004

Countersigned.

By

Brennard

Resident Attorney

Signature page of the Note between Lincoln County, South Dakota and The First National Bank
in Sioux Falls, dated as of January 1, 2004

PROVISIONS AS TO REGISTRATION

The ownership of the principal balance of this Note and the interest accruing thereon is registered on the books of the Lincoln County, South Dakota, in the name of the holder last noted below.

<u>Date of Registration</u>	<u>Name and Address of Registered Holder</u>	<u>County Auditor</u>
_____, 2004	The First National Bank In Sioux Falls	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____